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Message Text

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40
ACTION EUR-25

INFO OCT-01 EA-11 ISO-00 PM-07 L-03 NSC-10 CIAE-00 DODE-00

INR-10 NSAE-00 PA-04 RSC-01 USIA-15 PRS-01 SPC-03

SAM-01 EB-11 AID-20 SAJ-01 COME-00 TRSE-00 OPIC-12

NIC-01 DRC-01 /138 W
---------- 067850
R 050937Z FEB 74
FM AMEMBASSY VALLETTA
TO SECSTATE WASHDC 5219
INFO AMEMBASSY BONN
AMEMBASSY ROME
AMEMBASSY LONDON
AMCONSUL HONG KONG
USLO PEKING
USMISSION NATO

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E.O. 11652: N/A
TAGS: EAID, MT, CH
SUBJ: CHINESE ACTIVITIES.

REF: VALLETTA 220 B. VALLETTA 1987, NOV 17, 1972

1. ACCORDING TO EMBASSY SOURCES AT LEAST 26 CHINESE TECH-
NICIANS ARE CURRENTLY IN MALTA WORKING ON EIGHT POSSIBLE
AID PROJECTS WHICH INCLUDE: THE 300,000 DWT
TON DRYDOCK, THE MALTA BRASS FACTORY, CARDONA LEATHER
GOODS, A DECORATIVE GLASS PROJECT, A CARPET FACTORY,
A CONCRETE FACTORY, A FACTORY FOR PRODUCING CHINESE
HANDICRAFTS, AND A FACTORY TO MANUFACTURE THREAD.

2. MALTA BRASS AND CARDONA LEATHER GOODS ARE TWO
EXISTING MANUFACTURING FACILITIES WHICH HAVE GONE
INTO BANKRUPTCY DURING THE PAST YEAR OWING HEAVY
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DEBTS TO THE PARASTATAL MALTA DEVELOPMENT CORPORATION

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(MDC). MDC HAS IN BOTH CASES TAKEN OVER EXIST-
ING FACILITIES AND CALLED IN CHINESE TO ASSIST IN
REESTABLISHING PRODUCTION UNDER AN ILL-DEFINED WORKERS'
MANAGEMENT SYSTEM. ACCORDING TO ENGLISH LANGUAGE
DAILY MALTA NEWS (GENERAL WORKERS UNION), MDC HAS
TANKED THE OTHER INDUSTRIAL PROJECTS IN TERMS OF URGENCY
GIVING MOST IMPORTANCE TO THE GLASS FACTORY AND LEAST TO THE THREAD-
SPINNING MILL.

3. COMMENT: THE FORMER OWNERS OF CARDONA LEATHER
GOODS APPROACHED THE EMBASSY LAST YEAR
SEEKING UK CAPITAL AND/OR MARKETS TO REVIVE THEIR
ESTABLISHMENT (SEE REF B). CARDONA FORMERLY HAD
MARKETS IN UK, US, AND LIBYA WHICH DRIED UP
BECAUSE OF INTERNATIONAL COMPETITION. PRESIDENT
OF MALTA FEDERATION OF INDUSTRIES EXPRESSED TO AMBASSADOR
ANXIETY OF MEMBERS OF HIS ORGANIZATION THAT MDC
PRECEDENT OF ALLOWING MALTA BRASS AND CARDONA LEATHER TO
GO BANKRUPT, ONLY TO BE REESTABLISHED ON "WORKER MANAGED"
STATE ENTERPRISES, MAY DISCOURAGE INVESTMENT IN PRIVATE SECTOR.

4. ALL IS NOT GOING WELL IN RELATIONS BETWEEN
CHINESE AND GOM. PRINCIPAL DIFFICULTIES APPEARS TO LIE
IN POOR COMMUNICATIONS. AS FAR AS EMBASSY HAS BEEN
ABLE TO DETERMINE, NO ONE CURRENTLY ON PRC STAFF
SPEAKS VERY GOOD ENGLISH. AS A RESULT, THERE HAVE
BEEN FREQUENT MISUNDERSTANDINGS. LATEST IS ARRIVAL
OF 40 ELEVEN-TON DUMP TRUCKS. (SEE REF A) WHICH, ACCORDING TO
GOM EQUIPMENT ADVISER JOHN BONNICI, WAS A TOTAL SURPRISE TO
EVERYONE IN THE GOVERNMENT OF MALTA FROM THE MINISTER OF FINANCE
TO THE COMPTROLLER OF CUSTOMS AND THE GENERAL MANAGER OF MALTA
DRYDOCKS CORPORATION. ACCORDING TO BONNICI, THE TRUCKS ARE
TOO BIG AND IN ANY EVENY GOM WOULD NOT WISH TO USE ANY OF THE 17
MILLION POUND STERLING CHINESE LOAN FOR THEIR PURCHASE. SIMILAR
DIFFICULTIES IN COMMUNICATION RESULTED IN VERY SERIOUS
EMBARRASMENT FOR THE CHINESE DURING THEIR PARTICIPATION IN
LAST YEAR'S MALTA TRADE FAIR.
DECONTROL FEB 4, 1975.GETZ

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